

1980 Indo-Soviet Arms Agreement

In May 1980, India signed an arms agreement with the USSR, the largest ever concluded by New Delhi. The total cost will far exceed the initial purchases of \$2.5 billion, which will be paid for in rupees and will be spread over 7 years at an interest rate of 2.5 percent. The cost involved probably will double with the inclusion of contracts for licensed production, and the final bill could go even higher if India exercises options to purchase additional arms. Moreover, the chances are good that contracts for other weapons, including antisubmarine and attack helicopters, new tactical SAMs, and self-propelled artillery, will be concluded in the near future.

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A partial list of major weapons purchased outright is provided in the table below. Soviet deliveries in 1981 indicate that the agreement also includes prime movers, military trucks, and river crossing equipment. In addition, the agreement contains option clauses to permit the Indians to purchase additional equipment, including more T-72 tanks. And finally, beginning in about 1985, India plans to produce under license MIG-23s, T-72 tanks and BMP infantry fighting vehicles.

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